

EXHIBIT A

Excerpts of 341 Transcript

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF PENNSYLVANIA

IN RE: Chapter 11
Case No.: 24-13553 (AMC)
CULLOO ENTERTAINMENT, LLC,
Debtor. Suite 400
900 Market Street
Philadelphia, PA 19107
Thursday, November 11, 2024
10:03 a.m.

TRANSCRIPT OF TELEPHONIC MEETING
SECTION 341(a) MEETING OF CREDITORS

APPEARANCES:

For the U.S. Trustee: Kacie M. Cartwright, Esquire
OFFICE OF THE UNITED STATES TRUSTEE
Robert N.C. Nix Federal Building
900 Market Street
Suite 320
Philadelphia, Pennsylvania 19107
For the Subchapter V
Trustee: Holly Smith Miller, Esquire
HELLERT SEITZ BUSENKELL & BROWN, LLC
901 Market Street
Suite 3020, Suite 1901
Philadelphia, Pennsylvania 19107

(APPEARANCES CONTINUED)

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transcript produced by transcription service.

1 APPEARANCES (CONTINUED) :

2 For the Debtor: Donald Benedetto, Esquire
3 GAMBURG & BENEDETTO, LLC
4 1500 John F. Kennedy Boulevard
Suite 1203
Philadelphia, Pennsylvania 19102

5 -and-

6 Joseph Rutala, Esquire
7 RUTALA LAW GROUP, PLLC
1500 John F. Kennedy Boulevard
Suite 1203
8 Philadelphia, Pennsylvania 19102

9 For Brayden Massie: Thomas D. Bielli, Esquire
10 BIELLI & KLAUDER, LLC
1905 Spruce Street
Philadelphia, Pennsylvania 19103

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1 this time.

2 Q Okay. Are you currently a creditor of the debtor?

3 A I don't believe I am.

4 Q Okay. Do you anticipate having any of the money that
5 you've loaned or given to the debtor over the last eight
6 years being repaid through this bankruptcy?

7 A I don't believe so.

8 Q Okay. Has the debtor ever filed bankruptcy before?

9 A No.

10 Q All right. Now, what led to this bankruptcy filing?

11 A We were sued by a customer of the nightclub over the
12 event space and our former attorney, without authorization,
13 signed an arbitration agreement with an award up to \$1.25
14 million, when I had given him instructions to sign an
15 arbitration agreement with a settlement up to \$300,000, and
16 the award granted was \$995,000 to the Plaintiff.

17 After that was discovered, my former attorney was fired
18 and disbarred and we're currently suing his firm for
19 malpractice. That was the last event that preceded the
20 bankruptcy. Before that, we were operating as normal, and
21 then, in the general (indiscernible) affairs with some
22 concessions from the landlord, but we were mostly fine. We
23 were paying our two other debtors -- we have two SBA loans.

24 Q Okay. And what are the debtor's plans regarding
25 reorganization?

1 COVID, that it's calculated in, but there's no judgment is my
2 understanding.

3 MS. CARTWRIGHT: Okay.

4 BY MS. CARTWRIGHT:

5 Q Mr. De Berardine, do you ratify those statements of
6 your counsel?

7 A I do.

8 Q Okay. Can you tell me some, Mr. De Berardine, about
9 the SBA loans?

10 A Yes. During COVID, Culloo was eligible for a PPP loan,
11 which was partially forgiven, and then we have been making
12 payments on the balance due. And it was also eligible for an
13 EIDL loan, which, again, it had been making payments on.

14 Q Okay.

15 A I believe both loan accounts were current or close to
16 current when we found out about the situation with Brayden
17 Massie and then we stopped making payments on them.

18 Q Okay. So on the SOFA, the statement of financial
19 affairs, there's some other lawsuits listed here in addition
20 to the Massie case.

21 Could you tell me what is the nature of Smith et al. v
22 Culloo?

23 A I believe that's another personal injury --

24 Q Okay.

25 A -- case. We receive about -- I don't know -- I would

1 say on average, two to four personal injury claims per year.

2 Q Okay.

3 A Most of the time they're either handled by insurance
4 or -- I know that we settled one ourselves about three months
5 ago in August.

6 The Brayden Massie claim occurred right after COVID
7 when we were in the process of obtaining insurance when we
8 received it yet --

9 Q Okay.

10 A -- so it was not an insurance loss.

11 Q Okay. Ward v Culloo, is that, similarly, a personal
12 injury?

13 A I believe so, yes.

14 Q Okay. And you've got some where the named Defendant is
15 "NOTO Philadelphia, et al."

16 Who is NOTO Philadelphia?

17 A That's going to be the CPA of Culloo.

18 Q Okay. So are these all personal injury lawsuits?

19 A I believe so. I don't have any of the dockets in front
20 of me. I would refer to Don, but I don't believe there's any
21 other action.

22 Q Okay.

23 MR. BENEDETTO: They're all injury.

24 BY MS. CARTWRIGHT:

25 Q So, it looks like between you and Margaret and Robert,

1 So I think everything needs to probably be
2 reviewed. So I'm going to hold this open and give time for
3 counsel and debtor representative to get together and amend
4 these schedules. If they're amended and everything is
5 covered, then we might not actually need to meet in person
6 again, but I do want to hold open this examination to make
7 sure that those amendments happen, and so I'm going to
8 reschedule this.

9 December 12th at 10:00, does that work for folks?

10 MR. BENEDETTO: December 12? I'll put it in now.

11 MR. RUTALA: Just one moment.

12 (Pause)

13 MR. BENEDETTO: That works for me, Don Benedetto.

14 MS. CARTWRIGHT: Okay. All right.

15 We're going to hold this over to December 12th
16 at 10:00. I'll make the adjustments to the docket.

17 MR. BIELLI: Is that Thursday, December 12th?

18 MS. CARTWRIGHT: Yes, that is correct.

19 MR. RUTALA: I should be able to. There's a
20 chance I could be in a trial, but I should be able to --

21 MS. CARTWRIGHT: Okay. And, again, I'm not here
22 to give legal advice, so I'm not going to tell you what to do
23 if there's cash collateral issues that need to be resolved,
24 but general practice, sunlight is the best disinfectant.

25 Disclosure is better than nondisclosure. Things

1 can work and be ratified through the bankruptcy process, but
2 that needs to be brought up through appropriate motion
3 practice and put before the Court openly so that all parties
4 have a chance to review those motions.

5 I will specifically say that having two counselors
6 from different law firms acting as counsel for the debtor may
7 run afoul of 11 U.S.C. 504, which is a prohibition against
8 the sharing of compensation for attorneys doing the same kind
9 of work that do not work for the same law firm. So I would
10 urge counsel to review that section of the Code, make sure
11 they're not in violation of that when they file their
12 retention application.

13 Yeah, Mr. Bielli, I think I hit the highlights of
14 things that you raised that should be amended. Did I miss
15 anything from your perspective?

16 MR. BIELLI: Oh, the only other -- thank you,
17 Ms. Cartwright -- again, Tom Bielli for the record -- the
18 only thing I would add and, you know, we should have a
19 conversation. I know debtor's counsel has spoken to my co-
20 counsel or my non-bankruptcy counsel, but it probably would
21 make sense because we're going to have a position on any sort
22 of remand, as well.

23 But with respect to the schedules, Kacie, yeah, I
24 mean, they're employing an outside accountant. That needs to
25 be approved. There needs to be someone who's doing the

1 books. I don't know who Margaret is. I know Margaret has
2 the last name of the debtor's principal, who seems also to be
3 an insider and also related to a creditor, and she's the one
4 doing -- I'm not sure. I'm just -- I mean, I know we have --
5 I'm just not sure. I mean, there seems to be a lot going on
6 here. The utilities aren't listed.

7 MS. CARTWRIGHT: Uh-huh.

8 MR. BIELLI: We've got several contracts that the
9 debtor testified to that aren't listed on Schedule G. I
10 didn't even get into the personal guaranties, which would be
11 on Schedule H.

12 I think you guys just need to go through the
13 schedules.

14 MS. CARTWRIGHT: Yeah.

15 MR. BIELLI: That's just my two cents, for
16 whatever that's worth.

17 MS. CARTWRIGHT: Yeah, again, Kacie Cartwright for
18 the U.S. Trustee.

19 Definitely, retention of professionals, and that
20 goes beyond just general bankruptcy counsel here; that's
21 going to be your accountants, as well as, probably, I mean,
22 at the very least, you've got your special counsel that will
23 come in for this malpractice case and all interested parties,
24 all creditors of the debtor have a right to know the terms of
25 engagement for special counsel, and an opportunity to object

1 if those terms are objectionable to the parties in interest,
2 and then the Court will get to decide if it becomes a
3 contested matter as to retention of general counsel, special
4 counsel, accountants, anyone, and everyone as a professional
5 of the debtor.

6 THE WITNESS: I'm sorry, this is James De
7 Berardine. I just have a question related to that.

8 MS. CARTWRIGHT: Yeah.

9 THE WITNESS: So the accountant's engagement is
10 not active, currently, because she just finished the tax
11 return for the prior year, so she wouldn't be doing any work
12 in the, I would say, next six months.

13 Should we still list her because she won't be
14 active or being paid?

15 MS. CARTWRIGHT: That is a conversation that you
16 will need to have with your attorney; I can't advise you on
17 that.

18 THE WITNESS: Okay.

19 MS. CARTWRIGHT: If we do call another meeting,
20 can Margaret be available to testify? It sounds like she
21 was -- has been involved with a lot of the bookkeeping.

22 THE WITNESS: I will ask her and I'll follow up.

23 MS. CARTWRIGHT: Okay. If we need to have
24 testimony from her as debtor's representative, we can move
25 the schedule around and make that happen.

1 But as it stands right now, Holly, did you have
2 anything else to add?

3 MS. MILLER: Not at this time, thank you.

4 MS. CARTWRIGHT: All right. We're going to
5 continue this meeting until December 12th at 10:00 a.m.

6 Whether we hold that then or not will be dependent
7 on, at the very least, I need the debtor to amend the
8 schedules and statement of financial affairs, as appropriate.

9 I'll review those and we'll take it from there and
10 I will let the parties know if attendance is not needed, but
11 absent that, assume that you should come in for additional
12 questioning.

13 All right. Thank you all.

14 MR. BENEDETTO: We'll amend the schedules
15 immediately and get everything that needs to be submitted
16 well in advance.

17 MS. CARTWRIGHT: Okay, great. I appreciate it.
18 Let's -- can you get me those within -- can you get those
19 before Thanksgiving; is that all right?

20 MR. BENEDETTO: A hundred percent, not an issue.

21 MS. CARTWRIGHT: Okay. Great.

22 All right. Thank you all. Have a good day.

23 MR. BIELLI: Thanks, everybody. Have a great day.

24 MR. BENEDETTO: Thank you all. Have a good one.

25 (Proceedings concluded at 11:11 a.m.)

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CERTIFICATION

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter to the best of my knowledge and ability.

/s/ William J. Garling

November 29, 2024

William J. Garling, CET-543
Certified Court Transcriptionist
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